

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

In re Application of:	)	Examiner: Elda Milef
	)	
<i>Portillo et al.</i>	)	Art Unit: 3628
	)	
Application No. 09/604,525	)	Confirmation No.: 4943
	)	
Filed: June 27, 2000	)	Atty Docket: 10722-31970
	)	
For: METHOD FOR FACILITATING PAYMENT OF A COMPUTERIZED TRANSACTION		

CERTIFICATE UNDER 37 CFR 1.8: I hereby certify that this correspondence is being ☐ deposited with the United States Postal Service as First Class mail in an envelope addressed to Commissioner for Patents, P.O. Box 1450, Alexandria, Virginia 22313-1450, or ☒ filed via facsimile at 571 272 8300 or ☒ filed via EFS-Web, on January 17, 2008.

By:   
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Mail Stop Appeal Brief  
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REPLY BRIEF PURSUANT TO 37 C.F.R. § 41.41

Sir:

The Applicants offer this Reply Brief in response to the Examiner's Answer dated November 23, 2007. The Examiner's Answer was made in response to Applicants' second Appeal Brief, which was filed July 16, 2007. The Appeal Brief filed was the second appeal brief in this case, and as such it is respectfully requested that the Board give this case special dispatch.

Pursuant to MPEP § 1208, this Reply Brief includes the following items, with each item starting on a separate page, as follows:

- (A) **Identification Page** is the current page.
- (B) **Status of Claims** starts on page 2.
- (C) **Grounds of Rejection to be Reviewed on Appeal** starts on page 3.
- (D) **Argument** starts on page 4.

**STATUS OF CLAIMS**

The following is a concise statement of the status of all claims pursuant to the provisions of 37 C.F.R. § 41.37(c)(1)(iii). After a first Appeal Brief was filed in the case on July 6, 2004, the examiner at that time (David Robert Vincent) reopened prosecution and issued a new ground of rejection (essentially, the present rejection) in an Office Action mailed July 8, 2005.

On November 8, 2005, the Applicants (appellant) submitted an Amendment in the reopened prosecution, with amendments to claims 16–159 and arguments as to patentability. In that Amendment, the claims were limited to claims 16, 18–42, 44–68, 70–92, 94–116, 118–138 and 140–159.

All claims (i.e. claims 16, 18–42, 44–68, 70–92, 94–116, 118–138 and 140–159) were finally rejected by a new examiner (Elda Milef) in a Office Action dated February 3, 2006. The Applicants submitted a Notice of Appeal (the second one in this case) and a Pre-Appeal Brief Request for Review (PABRR) on May 3, 2006.

The PABRR and appropriate procedure was apparently overlooked, and a Notice of Abandonment was mailed on March 5, 2007. After the improper abandonment was made to a “no action count”, a Notice of Panel Decision from Pre-Appeal Brief Review was mailed on May 16, 2007. (The abandonment is thus deemed withdrawn and of no effect.)

An Appeal Brief was filed on July 16, 2007, and a corresponding Response to Notification of Non-Compliant Appeal Brief was submitted on September 7, 2007. The examiner responded to the Appeal Brief with an Examiner’s Answer, dated November 23, 2007.

Thus, claims 16, 18–42, 44–68, 70–92, 94–116, 118–138 and 140–159 are on appeal. The independent claims are 16, 42, 68, 92, 116, and 138.

**GROUND OF REJECTION TO BE REVIEWED ON APPEAL**

In the Office Action mailed February 3, 2006, the examiner rejected claims 16, 18–42, 44–68, 70–92, 94–116, 118–138 and 140–159. The claim rejections were reaffirmed in the Examiner's Answer mailed November 23, 2007. Those claims are the subject of this appeal.

Claims 16, 18–42, 44–68, 70–92, 94–116, 118–138 and 140–159 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,141,653 issued to *Conklin et al.* (hereinafter referenced as *Conklin*), in view of a *Business Wire* article (09889724 from Dialog file 148) (hereinafter referenced as *Business Wire* article), and further in view of *Godwin* (Travel Weekly, v44, pg. 19(2), #02472750 from 148) (hereinafter referenced as *Godwin*). The issue on this appeal is whether claims 16, 18–42, 44–68, 70–92, 94–116, 118–138 and 140–159 are unpatentable under 35 U.S.C. § 103(a) as obvious over *Conklin* in view of the *Business Wire* article, and further in view of *Godwin*.

For the reasons that follow, it is respectfully submitted that the claims are patentable over the references applied by the examiner.

**ARGUMENT**

**A. Introduction**

In the Examiner's Answer dated November 23, 2007, the examiner repeated the rejection from the Office Action dated February 3, 2006 of claims 16, 18–42, 44–68, 70–92, 94–116, 118–138 and 140–159 under 35 U.S.C. § 103(a) as being allegedly obvious over *Conklin* in view of the *Business Wire* article, and in further view of *Godwin*. The examiner additionally responded to Applicants' arguments contained in the Appeal Brief filed July 16, 2007, and also expounded upon some of the original bases for the 35 U.S.C. § 103 rejection. Because the examiner's original 35 U.S.C. § 103 rejection was addressed in the Appeal Brief, those arguments are not repeated herein, and as such this Reply focuses primarily on the examiner's response to arguments contained in the Appeal Brief. Additionally, in light of *KSR International Co. v. Teleflex Inc.*, 550 U.S. \_\_\_, 127 S.Ct. 1727 (2007) (hereinafter referenced as *KSR*), Appellants present some further arguments in favor of patentability, although no new evidence or amendments are presented in accordance with 37 CFR § 41.41(a)(2).

As a general summary, the present invention(s) relate to methods and systems for facilitating payment of a computerized transaction (Application No. 09/604,525, Fig. 1) (hereinafter referenced as Application). The methods and systems enable a buyer 30 to select an electronic payment method for a purchase from a merchant or seller 34 and obtain confirmation information for the transaction, including a unique confirmation or transaction number, from a computer of an independent third party money transfer system 42. (Id., Fig. 1; page 10, lines 6–19). The method and system further enable the buyer 30 to make an actual payment at a payment location 48 of the money transfer system 42 using the unique confirmation number previously generated. Upon receipt of the funds, the money transfer system 42 notifies the seller 34 that the payment was received and completes the transaction by making payment to the seller. (Id., page 8, lines 13–20; page 16, lines 9–19).

One simple way to look at this case is as follows: Online transaction systems for buyers and sellers having various features for negotiation and/or certain forms of payment were known in the art, e.g. *Conklin*, this much is admitted. Further, a money transfer and bill payment system for receiving cash payments at a “point of sale” (e.g. as provided by Western Union) was also known in the art, this much is also admitted. But no art, alone or in combination, teaches or suggests a

system or method where a buyer must go to a payment location that is connected with a money transfer system and make a payment in order to complete an electronic transaction in an online commerce system. At the time the invention was made, a person skilled in the art would have been led by *Conklin* to build a system where the buyers and sellers could stay “in the comfort” of their home or office to conduct business – people would not naturally be led to leave this comfort and convenience and travel to a payment location to make a payment for purposes of completing a transaction. This is antithetical to the notion of completely online – and convenient – transactions. The claimed invention meets a special need, not anticipated or obvious, for providing buyers with the capability to make payments, especially cash payments, in order to complete electronic transactions, which some would find inconvenient because of the requirement to make the payment at a payment location. Additionally, the payment locations are connected to and associated with the money transfer system, and are not merely some outside payment mechanism completely unrelated to the overall system, such as a wire transfer or letter of credit.

For the examiner to conclude that the present invention(s) are obvious based on these references, is simply untenable and unsupportable. Accordingly, based on the reasons and arguments presented in the Appeal Brief filed July 16, 2007, and in this Reply, it is submitted that the examiner’s 35 U.S.C. § 103 rejection is improper and should be reversed.

First, this Reply will address the cited references at issue, and describe why these references should be deemed “nonanalogous” art, and therefore not used in a 35 U.S.C. § 103 rejection of the present invention(s).

Second, it is submitted that the examiner’s clarifications and new arguments as to how the teachings from the cited references *Conklin*, *Business Wire* article, and *Godwin* obviate the claimed subject matter remains incomplete, and therefore insufficient. The explanation provided as to how these references meet the claim limitations is simply inadequate and should not be permitted.

Finally, the Reply will address the examiner’s post-*KSR* arguments and show why they are insufficient to support a rejection of the present invention(s).

**B. The Cited References Are Not Analogous to the Claimed Subject Matter, and Thus Do Not Qualify As Prior Art Under 35 U.S.C. § 103**

To rely on a reference under 35 U.S.C. § 103, it must be analogous prior art. (MPEP § 2141.01(a)). “The examiner must determine what is ‘analogous prior art’ for the purpose of analyzing the obviousness of the subject matter at issue.” (Id.). “Although § 103 does not, by its terms, define ‘the art to which [the] subject matter [sought to be patented] pertains,’ this determination is frequently couched in terms of whether the art is analogous or not . . .” (*In re Clay*, 966 F.2d 656, 658, 23 USPQ2D 1058 (Fed. Cir. 1992) (citing *In re Sovish*, 769 F.2d 738, 741, 226 USPQ 771, 773 (Fed. Cir. 1985))).

1. The Cited References are Nonanalogous Under the *In re Ellis* Framework. As stated in MPEP § 2141.01(a), while Patent Office classification of references and cross-references in the official search notes of the class definitions are some evidence of “nonanalogy” and “analogy” respectively, courts have found “the similarities and differences in structure and function of the inventions to carry far greater weight.” (MPEP § 2141.01(a) (quoting *In re Ellis*, 476 F.2d 1370, 1372, 177 USPQ 526, 527 (CCPA 1973)) (emphasis added)). Thus, when determining whether a respective reference is analogous or not, and therefore may or may not be relied upon in a 35 U.S.C. § 103 rejection, the “structure” and “function” of the applied reference must be ascertained and compared against the claimed subject matter.

In this case, *Conklin* is the primary reference cited by the examiner. (Office Action 02/03/2006; Examiner’s Answer 11/23/2007). Turning first to the issue of function, *Conklin* teaches a system for iterative, multivariate negotiations over a network. (*Conklin*, Title and Abstract). Specifically, *Conklin* relates to a negotiation process that allows participants to negotiate terms iteratively, back and forth through a multivariate negotiation engine until the deciding entity accepts and closure is reached. (*Id.*, col. 25, lines 12–16). *Conklin* is directed at corporate buyers and sellers engaging in production purchasing. (*Id.*, col. 17, line 57–59). A buyer in a community interested in opening negotiations with a seller can propose and negotiate orders, counteroffers, and furthermore, request sample quantities, special orders and payment options such as a letter of credit as one of many terms negotiated “up front” of a transaction.

*Conklin* repeatedly reiterates that its primary function is as a multivariate negotiations system. In fact, *Conklin* explicitly states that “[m]ultivariate negotiations engine is the central

function [of the system] . . .” (*Id.*, col. 23, lines 26–27) (emphasis added). The reference also states that the system is a “multivariate negotiations engine for iterative bargaining which . . . allows a buyer/participant to search and evaluate seller information, propose and negotiate orders and counteroffers that include all desired terms, request sample quantities, . . . and to negotiate multiple variables such as prices, terms, conditions, etc., iteratively with a buyer.” (*Id.*, col. 13, lines 66–67 - col. 14, lines 1–11) (emphasis added). Even the title of *Conklin* firmly identifies the overarching function of the system as one for iterative, multivariate negotiations. (*Id.*, Title) (emphasis added).

Additionally, even when describing other potential uses of the system, *Conklin* only describes negotiation-based systems. The reference focuses on the negotiation aspects of a transaction especially for “sponsored communities” in business to business negotiations. (*Conklin*, col. 17, lines 17–20). Such sponsored communities include stock exchanges, government agencies that sponsor trade commerce communities for regional trade development efforts, and even international organizations that may sponsor a community to assist countries in negotiating complex treaties. (*Conklin*, col. 17, lines 57–67 - col. 18, lines 1–15). In this way, every example embodiment recited by *Conklin* involves negotiations or iterative bargaining.

In contrast, the primary function of the present invention(s) is to facilitate a payment for a computerized transaction between a buyer and seller using a computer network, and more specifically to allow for an actual payment from the buyer to be made at an actual payment location (i.e. “agent location”), the payment location being in communication with the agent computing system. (Application, page 1, lines 4–6, page 3, lines 21–23). The present invention(s) are purely related to money transfer systems, and have nothing to do with negotiations, or iterative bargaining, or anything of the like. To suggest that one skilled in the art of online payment systems would look to art related to negotiation systems for guidance or teaching in making his or her invention simply cannot be supported. The respective primary functions of the present invention(s) and *Conklin* are completely different.

Moreover, even the ancillary functions of *Conklin* are different from those of the claimed invention(s). *Conklin* states that in accordance with its negotiation and production purchasing aspects, “[a]nother aspect of the present invention is that it enables buyers to immediately purchase sample quantities of goods for evaluation purposes without the need to travel to the

seller's location or to place telephone or fax orders.” (*Conklin*, col. 15, lines 13–16). Again, this aspect furthers the overall negotiation function because buyers can quickly and easily sample goods of which they are negotiating a possible purchase. *Conklin* also includes archival functions in which “each round or step of negotiations is stored and archived by the present invention.” (*Id.*, col. 30, lines 35–36). Because the reference relates entirely to negotiations systems, it is important to archive and record each offer and counteroffer made during a negotiation.

Alternatively, because the present claims are in no way related to negotiation systems or production purchasing, there is no need or mechanism for ordering sample quantities of goods for evaluation purposes. Again, the present invention(s) are purely money transfer systems that enable a buyer in an online commerce system to go to a physical location to make a payment related to an online transaction. Furthermore, there is no back and forth ordering and negotiating in the present invention(s), and thus there is no need to archive each iterative step because these steps simply do not exist.

In regards to structure, it may be true that both *Conklin* and the present invention(s) utilize online systems with computing stations, but that is where the similarities end. One primary structural difference between *Conklin* and the present claims is that *Conklin* includes “sponsored communities” for its negotiations processing. (*Id.*, col. 18, line 48). Such sponsored communities include government agencies that sponsor trade commerce communities for regional trade development efforts, or international organizations that may sponsor a community to assist countries in negotiating complex treaties. (*Id.*, col. 18, lines 12–15). “A sponsor, such as a traditional stock exchange or a newer type of securities body could establish the standards for accepting stockbrokers into the community. . . . Participants in a community can also ask the sponsor to appoint a moderator for their negotiations, if stumbling blocks arise.” (*Id.*, col. 17, line 63–68 - column 18, lines 1–10).

Because *Conklin* relates to a negotiations system, it is important to set a community or group that will be involved in the negotiations. In the present invention(s), however, there is no need or desire for a limited community – the applicable community is anyone that is desirous of completing an online transaction without having to complete payment for the transaction online. (Application, page 3, lines 3–6). There is no overall “sponsor” or “moderator” keeping tabs on



the system and monitoring iterative negotiations, as there may be in *Conklin*. This structural “sponsored community” aspect is simply not present in the current invention(s).

Additionally, an important aspect of the present invention(s) is the “plurality of agent payment locations accessible to the buyer.” (Id., page 5, lines 2–3). The present invention(s) includes an agent computing system coupled to a computer network, wherein “each agent location is equipped with the capability to communicate, either by computer network or otherwise, with the agent computing system . . .” (Id., page 12, lines 3–5). In this way, the payment locations are integrally connected to the agent computing system that makes up a part of the money transfer system, and thus form an integral component in the structure of the overall system. These payment locations are not some secondary feature that may or may not be used within aspects of the present invention(s), but rather are required elements in each and every claim of the present invention(s). *Conklin* provides no such structure within its system.

It should be noted that there are other, more minor differences in structure and function between *Conklin* and the present invention(s), but for the sake of brevity only the most salient differences have been discussed. Accordingly, because both the structure and function of *Conklin* differ from the claimed invention(s), one skilled in the art would not have been motivated or taught by the reference, and thus *Conklin* is not an analogous reference to the claimed subject matter, and may not be used in a 35 U.S.C. § 103 rejection of the claimed invention(s).

A second reference cited by the examiner is the *Business Wire* article, which describes several different online escrow and shipping services associated with eBay, namely, the Parcel Plus AuctionSHIP service, the TradeSafe service, and the i-Escrow service. The examiner asserted that the description of the i-Escrow service teaches the assignment of a transaction identification number (Examiner’s Answer 11/23/2007, page 18), and that it would be obvious to modify *Conklin* to include a transaction identification number. The *Business Wire* article was also cited as teaching an online auction system (eBay), so that it would have been obvious to modify *Conklin* to include a seller using an auction process (Office Action 02/03/2006, page 12).

The *Business Wire* article describes shipping and escrow functions associated with an online auction site, but none of which relate to the function of receiving a payment at a payment location associated with a money transfer system, as is required in the claimed invention(s). The reference states “eBay members can now ship their purchases to family and friends across town or

across the United States directly from eBay's auction site." (*Business Wire* article, par. 2). Additionally, when describing the i-Escrow service, the *Business Wire* article states "i-Escrow is the first and only fully automated Web-based escrow service to provide a secure trading environment for consumers." (*Id.*, par. 11). In this way, the reference is purely describing integrated escrow payment methods and shipping services within eBay's auction system. One skilled in the art would not be concerned with the function of an escrow system or shipping method when designing the present invention(s) because the present invention does not include either of these features. Rather, the present invention(s)' distinguishing function is to receive an actual payment from a buyer at a physical payment location and associate that payment with a unique transaction number. This function is adverse to an escrow service, which is completed entirely online, and is entirely irrelevant to a shipping service.

In regards to structure, the *Business Wire* article merely describes an auction system (eBay) and its related integrated shipping or escrow payment mechanisms, and does not describe physical payment locations associated with a money transfer system in which payment is received at the payment location. It seems as if the examiner is asserting that any reference relating to an online system that involves the purchasing of goods must be sufficiently analogous to the present invention(s), but this is simply not the case. Many online commerce systems were known in the art, but none suggested or disclosed going to a physical payment location to complete an online transaction, and one skilled in the art would not look to references with functions and structures related to integrated shipping components or escrow services when devising the present invention(s).

The final reference cited by the examiner is *Godwin*, which relates to a database connected to an automated reservation system for cruise lines (CruiseMatch) that makes it easier for agents to sell cruises. The automated system permits cruise lines to list sailings and to accept bookings through existing agency reservation systems. In particular, the CruiseMatch system provides various queues for cruise reservation and booking. Each time a booking agency makes a deposit on a cruise, the fact of the deposit is recorded in CruiseMatch. If the deposit has not arrived by two days before the due date, a PNR (passenger name record) appears in the cruise line's option payment queue and a message shows up in the booking agency's queue. (*Godwin*, latter 1/3 of

article). The examiner cited *Godwin* as showing queues for payments in connection with rejecting certain dependent claims. (Examiner's Answer 11/23/2007, page 15).

*Godwin*'s primary function is to "list sailings and accept bookings through existing agency reservations systems," and to simply make it easier for travel agents to sell and book cruises. (*Godwin*, first 1/3 of article). This function has absolutely nothing to do with a money transfer system that allows for making payments at physical payment locations to complete online transactions. Cruiseline databases and booking systems provide completely different functionality as compared to the money transfer and payment functions associated with the present claims.

Furthermore, in terms of structure, the system in *Godwin* is merely a database that connects to existing agency booking systems, such as the Sabre airline system. (*Godwin*, first 1/3 of article). *Godwin* is not a money transfer system, but is simply a database that lists information related to cruises such that already existing online booking systems can tap into the information to better enable the sale of cruises. Aside from the fact that the present claims and *Godwin* both use online systems and databases in some aspects, there are no structural similarities between the two systems, and therefore *Godwin* and the present invention(s) are not analogous.

*Conklin*, the *Business Wire* article, and *Godwin* are completely different from the present invention(s) both structurally and functionally. None of these references provide any teaching or motivation as regards a money transfer system, or payment locations, or payment location computers associated with the money transfer system, or making an actual payment at a payment location, or communicating any messages that payment has actually been made at a payment location. These references are simply too far afield of the present invention(s) to be considered analogous prior art. Accordingly, these references should not be used to support a 35 U.S.C. § 103 rejection of the claimed invention(s).

2. The Cited References Are Nonanalogous Under the Two-Step Test of *In re Deminski* and *In re Clay*. Not only are the cited references nonanalogous under the structure and function approach of *In re Ellis*, but they are nonanalogous under the two-step test of *In re Deminski*, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986) and *In re Clay* as well. After the recent Supreme Court decision of *KSR v. Teleflex*, it is unclear as to which test is used to determine if prior art is analogous or not (the *In re Ellis* framework, or the *In re Deminski* and *In re Clay* analysis). However, regardless of which test is used, the result remains the same: the cited references of

*Conklin*, the *Business Wire* article, and *Godwin* are not analogous to the claimed subject matter, and thus cannot be used to support a 35 U.S.C. § 103 rejection.

*In re Deminski* established two primary criteria for determining whether prior art is analogous: (1) whether the art is from the same field of endeavor, regardless of the problem addressed, and (2) if the reference is not within the field of the inventor's endeavor, whether the reference still is reasonably pertinent to the particular problem with which the inventor is involved. (*In re Deminski*, 796 F.2d at 442 (emphasis added)).

*In re Clay* expounded upon and clarified the second criteria laid down in *In re Deminski*: "A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem. Thus, the purposes of both the invention and the prior art are important in determining whether the reference is reasonably pertinent to the problem the invention attempts to solve. If a reference disclosure has the same purpose as the claimed invention, the reference relates to the same problem, and that fact supports use of that reference in an obviousness rejection. An inventor may well have been motivated to consider the reference when making his invention. If it is directed to a different purpose, the inventor would accordingly have had less motivation or occasion to consider it." (*In re Clay*, 966 F.2d at 659 (emphasis added)).

Accordingly, a trier of fact must first look to the nature of the problem with which the inventor was working. (*In re GPAC, Inc.*, 57 F.3d 1573, 1579, 35 USPQ2D 1116, 1120 (Fed. Cir. 1995)). If the reference is not within the field of the inventor's endeavor, the factfinder then looks at whether the field of the reference is reasonably pertinent to that problem. (*Id.*). Thus, first determining the field, and then analyzing the particular problem solved or overall purpose of the reference is paramount to a determination of whether the art is analogous or not.

The present invention(s) relate to the field of facilitating a payment for a computerized transaction between a buyer and a seller using a computer network. (Application, page 1, lines 4–6). The overall problem to be solved by the present invention is an inability of some consumers to pay for transactions online, or a desire not to pay online because of security concerns. "While the Internet provides an effective means for merchants to promote, display, or list their various products to an enormous market of potential customers, there are only a few conventional

methods by which a customer or buyer can pay the merchant for any goods or services purchased electronically over the Internet.” (Id., page 1, lines 14–18). “The credit card payment method has the disadvantage of inaccessibility to all potential Internet purchasers, as every Internet user may not have a credit card account with a sufficient credit limit to complete a desired transaction. Further, many Internet users are reluctant to use the credit card payment method due to the perception that confidential credit card information may be intercepted, stolen, or otherwise misused when communicating over the Internet. . . . Further, merchants are often reluctant to accept credit card orders from some foreign countries due to the possibility of fraud.” (Id., page 2, lines 4–20).

For these reasons, the purpose of the present invention(s) is to provide a “method for facilitating the purchase of goods and services over the Internet by consumers who either do not have credit card accounts, or choose not to provide confidential credit card account information or checking account information over the Internet.” (Id., page 3, lines 3–6).

Alternatively, *Conklin* relates to the field of “systems for conducting negotiations and more particularly to systems for creating sponsored communities over a network such as the Internet to enable iterative, multivariate negotiations.” (*Conklin*, col. 1, lines 7–11) (emphasis added). This negotiation and sponsored community field is completely different from the field of facilitating payments for computerized transactions. Thus, the first prong of the two-step test is not met.

The primary problem attempted to be solved by *Conklin* is the inability to effectively “negotiate a number of variable terms, reach agreement on each and document the results” in an online setting. (*Id.*, col. 1, lines 63–65). An additional problem is real-time “production purchasing,” which is defined as “the purchasing of components, subassemblies or parts that a company assembles and repackages into its own products.” (*Id.*, col. 5, lines 59–61). Production purchasing often involves negotiation over price, selection of new vendors, ordering sample quantities, etc., and this must be done quickly and easily to keep production functioning smoothly. (*Id.*, col. 6, lines 5–15). There is also the added problem of the “battle of the forms,” in which goods may be shipped under uncertain conditions as parties amend and change orders and contracts during negotiations. (*Id.*, col. 7, lines 45–57).

To address these problems, *Conklin* lists several objects or purposes of its invention, none of which correspond to the problems or purpose of the present claims. “It is an object of [*Conklin*] to provide a system for iterative bargaining and purchasing over a network which enables buyers and sellers to negotiate prices, terms, and conditions iteratively until an agreement is reached on all points. It is another object of [*Conklin*] to provide an iterative bargaining and purchasing system that is economical to use. Still another object of [*Conklin*] is providing an iterative bargaining and purchasing system that enables the creation of knowledgeable communities of commerce. Yet another object of [*Conklin*] is providing a means for storing, archiving and accessing all transactions and documents as they are formed over the system.” (*Id.*, col. 13, lines 51–63). As shown, none of these purposes or objects relate to methods or systems for facilitating the purchase of goods and services over the Internet by consumers who either do not have credit card accounts, or choose not to provide confidential credit card account information or checking account information over the Internet. (Application, page 3, lines 3–6).

Because *Conklin* and the present invention(s) are not in the same field of endeavor, and because they are aimed at entirely different problems and have entirely different purposes, *Conklin* is not analogous to the present invention(s), and as such should not be used to support a 35 U.S.C. § 103 rejection.

The *Business Wire* article is similarly nonanalogous to the present claims under the two-step test of *In re Deminski* and *In re Clay*. The field of the *Business Wire* article is an online auction system, and the corresponding shipping and escrow services included therein. It may be true that an online auction system may incorporate a payment at some point during the auction process, but this is ancillary to the overriding auction field of the system. The problem to be solved and purpose accomplished by the shipping and escrow features is faster, easier shipping and more secure selling and payment. (*Business Wire* article, first few paragraphs). These purposes are either completely irrelevant to the present invention(s) (i.e. shipping services), or adverse to the present invention. As previously described, the purpose of the present invention is to facilitate online transactions for consumers who either do not have credit card accounts, or choose not to provide confidential credit card account information or checking account information over the Internet. Use of an escrow service is completely antithetical to this notion because the buyer must still make a payment online or supply bank or credit account information

online. Therefore, the problems and purposes at issue in the *Business Wire* article are different from those of the present invention(s), and the reference is accordingly nonanalogous.

Finally, the *Godwin* reference is nonanalogous to the present invention(s) as well. The field of *Godwin* is online booking systems for cruise vacations. (*Godwin*, first 1/3 of article). The problem and purpose of *Godwin* is purely to “make it easier and simpler for agents to sell cruises . . .” (*Id.*, first 1/3 of article). As is clearly evident, the field of electronic cruise booking, and the corresponding problem and purpose of making it easier and simpler to sell cruises has absolutely nothing to do with facilitating online transactions with customers who either do not have or do not wish to share bank or credit account information online. There is simply no analogy between this reference and the present invention(s). Accordingly, *Godwin*, just like the *Business Wire* article, and just like *Conklin*, is a nonanalogous reference, and should not be used to support a 35 U.S.C. § 103 rejection.

### C. Analysis of Examiner’s Response to Applicants’ Arguments

Even if *Conklin*, the *Business Wire* article, and *Godwin* are found to be analogous to the present invention(s), and thus available for a 35 U.S.C. § 103 rejection, the combination of these references does not meet, anticipate, or obviate the claims of the present invention(s). In the Examiner’s Answer dated November 23, 2007, the examiner summarized and expounded upon the rejection of representative claim 16 in the Application. Many of the examiner’s assertions as to elements of the present claims allegedly met by *Conklin* and the other references are simply unsupported. For the sake of brevity, not every element of the examiner’s response will be addressed, but the Applicants believe that the examiner’s application of the references against the present claims is simply inadequate and incorrect. Additionally, many of the examiner’s assertions have already been addressed in the Appeal Brief dated July 16, 2007, so the discussion below focuses primarily on the examiner’s responses to those arguments.

On page 17 of the Examiner’s Answer, the examiner cited *Conklin* Figs. 12, 15 C-1, 24, 30; col. 6, lines 51–67; col. 26, line 40 to col. 27, line 32 as disclosing “money transfer-wire transfer, letter of credit; Fig. 30 discloses the order processing system including Wire transfer, with instructions to the user to take the wire transfer form to the bank in order to remit payment using a wire transfer method.” On pages 20–21 the examiner goes on to say: “In response to the

appellant's argument that no art teaches or suggests the combination where a buyer must go to a payment location and make a payment in order to complete an electronic transaction in an online commerce system, Conklin discloses an online purchasing and negotiation system wherein the buyer can pay for purchases using a letter of credit or wire transfer. In particular, Conklin discloses a wire transfer request form instructing the user to take the form to a bank. The bank will remit the funds via wire transfer – see Fig. 30.”

The examiner appears to be asserting that a discussion of wire transfers and letters of credit in *Conklin* somehow discloses a money transfer system connected for electronic communications with one or more payment locations associated with the money transfer system having payment location local computers. Additionally, the examiner appears to be suggesting that taking a wire transfer form to a bank is the same thing as making a physical payment at a payment location associated with a money transfer system. This association is untenable. A money transfer system is not the same thing as a negotiations system, and taking a wire transfer form to a bank is completely different from making a payment at a payment location associated with a money transfer system. Accordingly, *Conklin* fails to meet these elements of the claimed invention(s).

First, *Conklin* does not show a “money transfer system,” as the term is used and intended in the present claims, but rather it is a negotiation system without reference to a money transfer system. As mentioned above, *Conklin* describes a system for iterative, multivariate negotiations over a network. It is a negotiation system (the “front end” of many transactions), and does not provide any relevant teachings about the “tail end” of a transaction, namely, the payment portion. A careful reading of *Conklin* reveals that the payment aspects of a transaction are naturally a part of a negotiated transaction and that sellers can provide various payment choices for customers (*Conklin*, Fig. 10-3), but there is no teaching of a money transfer system that could be used as a payment mechanism. One skilled in the art will understand that payment is an inherent part of most transactions and that it is one of the terms of a transaction that can be negotiated up front, but *Conklin* lacks any teaching of a payment mechanism, especially as regards use of a separate money transfer system, and instead focuses purely on the negotiation aspects of a transaction.

Second, it may be true that Fig. 30 in *Conklin* does suggest printing out an order form and taking it to the bank, and the bank must then follow an explicit set of instructions on the form in



order to make a payment by wire transfer to a seller. However, taking a printout of a form to a bank and asking the bank to wire money to a specific party is completely different from a payment location associated with the money transfer system. In the example of Fig. 30, the bank knows absolutely nothing about the transaction, it merely pays a sum of money from a buyer's account to a designated party. The bank is in no way associated with the money transfer system.

In contrast, a payment agent location of the present invention(s) "is equipped with the capability to communicate, either by computer network or otherwise, with the agent computing system to reference any of the transactions stored in the agent computing system." (Application, page 12, lines 4–6). The present invention(s) interrelate agent payment locations with an overall money transfer system to allow a buyer to complete an online transaction at a payment location in any manner of payment the buyer chooses. Just because a buyer has to take a wire transfer form to a bank does not mean the bank is associated with the money transfer system (which it is not), or that the buyer could simply make any payment to the bank and the bank would then transmit information to the seller that the transaction had been completed (which it would not). The claims of the present invention specifically require "payment location[s] associated with the money transfer system" and "the money transfer system connected for electronic communication with one or more payment locations." (Application, claim 16) (emphasis added). These "association" elements are simply not taught or disclosed in *Conklin*.

Additionally, it should be noted that when discussing wire transfers, *Conklin* states that "wire transfers allow bank-to-bank payments for international transactions in any tradable currency." (*Conklin*, col. 6, lines 53–55). "However, these are done over private bank networks and usually between companies which have already established a purchasing relationship – i.e. for MRO or administrative purchasing. . . . this usually requires some fairly sophisticated interbanking networks in the applicable countries." (*Id.*, lines 55–65) (emphasis added). In this way, *Conklin* supports Applicants' position that a wire transfer is a completely separate and outside payment mechanism from anything related to the transaction or money transfer system itself. Thus, this description of wire transfers clearly describes that a wire transfer is not the same as an actual payment made at a payment location associated with the money transfer system as claimed in the present invention(s).

Furthermore, *Conklin* teaches away from leaving the comfort of one's home to complete a transaction at a physical payment location. When reading *Conklin*, one skilled in the art would understand that payment as a necessary part of a negotiated online transaction could be effected in several ways, such as by credit card (*Id.*, col. 6, lines 16–21), wire transfer (*Id.*, lines 53–65), letters of credit (*Id.*, col. 6, lines 66–67 - col. 7, lines 1–19), documentary collection (*Id.*, col. 7, lines 20–29), or purchase orders issued against previously agreed upon master agreements (*Id.*, lines 30–44). However, there is no mention of effecting payment at a physical payment location, be it by cash, credit card or the like, when the physical payment location is associated with the overall money transfer system. As mentioned previously, making an actual payment at an agent payment location is actually adverse to the notion of completely online transactions and order processing. In this way, one skilled in the art would actually be led away from implementing such a payment system into an overall money transfer system.

On page 18 of the Examiner's Answer, the examiner cited *Conklin*, col. 25, lines 41–59, col. 31, lines 40–54, and Figs. 16 and 30 as disclosing determining by the money transfer system a grand total amount based upon the preliminary total amount and any other applicable charges. Neither of the text citations from *Conklin* mention anything relating to a grand total amount determined by the system. The passage from col. 25 merely describes a proposal to a negotiation, not a grand total amount with applicable charges for a closed deal. This proposal is essentially a first offer in a negotiation, whereas the grand total amount in the present claims occurs after the order is complete and the money transfer system calculates all applicable charges. Further, the passage from col. 31 only discusses an ability to accept sample orders between parties that already have existing relationships and agreements concerning such orders. What does this sample ordering passage have to do with a money transfer system determining a grand total amount for a transaction? Absolutely nothing. Along the same lines, Figs. 16 and 30 in *Conklin* describe applications for letters of credit or wire transfers before a transaction is complete. An offer for a letter of credit or a wire transfer is not the same as a completed order being processed through the money transfer system.

On pages 20 and 22 of the Examiner's Answer, the examiner cited *Conklin*, Figs. 7–8 as showing both parties are notified by email, and Fig. 16 as describing a proposed letter of credit sent to the seller order processing system requesting final approval. The examiner asserted that

these citations disclose communicating a message to the seller computer system that payment has actually been made at a payment location. Further, the examiner cites *Conklin* to show that “[a]ll participants in a negotiation are continually notified by e-mail as the negotiations progress.” (Examiner’s Answer 11/23/2007). It is true that Figs. 7–8 do describe notification to interested parties of proposals, pending offers, counteroffers, and other steps as the negotiation progresses. This is to be expected during a multivariate negotiations process. It is also true that the parties in a negotiation in accordance with *Conklin* may also be informed when a final offer has been accepted and the negotiation is complete. (*Conklin*, Figs. 7 & 8). However, nothing in *Conklin* describes communicating a message to the seller computer system that a payment has actually been made at a payment location because there are no payment locations associated with the invention of *Conklin*. The cited materials in *Conklin* describe something much different from a communication from an overarching money transfer system to a seller computer that payment has been made at a payment location.

In the present claims, the transaction and terms have already been completed before the buyer makes payment, just as in *Conklin*. Where the two ideas differ, however, is that the communication at issue in the present claims concerns the important step of payment being made at an actual payment location after the transaction is complete. *Conklin* is not concerned with this step, and its system does not teach or describe anything relating to it. The materials from *Conklin* cited by the examiner are simply not equivalent to the communicating information that payment has actually been made at a payment location element in the present claims.

Moreover, Fig. 16 describes a letter of credit sent for approval, not a communication that payment has been made at a payment location. Again, in *Conklin* the notification or communication is regarding the terms of the transaction itself, not the payment made after the transaction is complete.

Finally, in response to the examiner’s suggestion that the hindsight bias used in the Office Action mailed February 3, 2006 and in the Examiner’s Answer mailed November 23, 2007 was proper because the examiner “[took] into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made,” and that it “does not include knowledge gleaned only from the applicant’s disclosure,” the Applicants again assert that the hindsight bias was improper. As mentioned, one skilled in the art reading *Conklin* would have

been taught away from combining making a payment at a physical payment location with an online commerce system. These are two opposing ideals. Because online transactions are so commonplace today, it may be easy to look back and suggest that it would have been obvious to incorporate a physical payment location with an online transaction at the time the invention was made, but Applicants believe this construction is improper. Accordingly, Applicants continue to assert that improper hindsight bias was used in formulating the 35 U.S.C. § 103 rejection of the present claims.

**D. Response to Examiner's Post-KSR Arguments**

The recent *KSR v. Teleflex* decision has opened the door for several new criteria that may be used to reject a patent application on the basis of obviousness, a few of which the examiner has cited in the Examiner's Answer dated November 23, 2007. The Applicants respond to the examiner's assertions below, and submit that the claims at issue are not obvious under the emerging *KSR* framework.

On page 21 of the Examiner's Answer the examiner asserts that "*KSR* forecloses Appellants' argument that a specific teaching is required for a finding of obviousness." While it is true that *KSR* did state that the Federal Circuit's "teaching-suggestion-motivation" test was being applied too rigidly, it did not eliminate the test as a helpful guide in determining whether a given invention is obvious. Whether certain elements of an invention are taught or suggested in the prior art continues to weigh heavily on what makes an invention obvious or not. Thus, although the teaching-suggestion-motivation test may not be the determinative factor it once was, it is still an important aspect in an obviousness determination. Accordingly, the Appellants' pre-*KSR* arguments regarding obviousness still apply.

The examiner also alleged that "[b]ecause this is a case where the improvements are no more than the predictable use of prior art elements according to their established functions, no further analysis is required by the Examiner." (Examiner's Answer 11/23/2007, page 22 (citing *KSR*, 127 S. Ct. at 1740)). This is an improper abdication of responsibility by the examiner, especially in view of the nonanalogy and irrelevance of the cited art. As mentioned previously, one reading *Conklin* (or any of the cited references) would be led away from combining the aspects of an online transaction and money transfer system with making a payment at a physical

payment location associated with the money transfer system. One of the great benefits to completely online transactions is that transactions can be completed quickly, easily, and entirely online, and one does not have to leave one's home to finalize such a transaction. However, as discussed before, not all buyers have the ability to complete transactions online because they either lack credit card accounts or they may not wish to give out certain information over the Internet. The present invention(s) provide a solution for buyers in these circumstances. Because leaving the home to effect payment for an online transaction is not predictable, nor does it coincide with the established function of the Internet or any online processing as completely online entities, the invention(s) at issue are not merely the "predictable use of prior art elements according to their established functions," as suggested by the examiner.

Additionally, the examiner argues that the Appellants failed to establish that "modifying Conklin with the selected elements of Business Wire and Godwin was uniquely challenging or difficult for one of ordinary skill in the art." (Examiner's Answer 11/23/2007, page 21). First, combining the elements of *Conklin*, the *Business Wire* article, and *Godwin* would not produce the present invention(s), but rather could only result in a negotiations system that possibly involves transaction numbers and queue systems. That result has nothing to do with the payment and money transfer system of the present claims. Accordingly, of course Applicants have not presented any arguments as to the difficulty in combining the three references cited by the examiner.

Also, if the examiner is implying (although it was not explicitly stated) that creating the present invention(s) was not "uniquely challenging," this argument is purely irrelevant. Neither *KSR*, nor any federal patent statute, requires that the creation of an invention be uniquely challenging or difficult. If it *was* uniquely challenging to create the invention at issue, then that may lend additional support to the invention's patentability, but a failure of such challenge does not count against the patentability or non-obviousness of the claims.

Finally, it should be noted that while *KSR* has introduced some new standards for judging the obviousness of patent applications, the Court reaffirmed the principle that "rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." (*In re Kahn*, 441 F.3d 972, 988 (Fed. Cir. 2006) (cited with approval in *KSR*)). As

shown previously, the examiner in this case has misapplied or mischaracterized the references against the present claims in several instances to support the conclusions that every element of the present invention(s) are met by *Conklin*, the *Business Wire* article, and *Godwin*. These conclusions cannot be sustained, and Applicants urge the Board to overturn the examiner's rejections and allow the case.

### CONCLUSION

As described above, the examiner reaffirmed the rejection of pending independent claims 16, 42, 68, 92, 116, and 138 in the Examiner's Answer mailed November 23, 2007. Those claims are the subject of this appeal. For the reasons discussed in detail above, the Applicants submit that the Board should overrule the examiner's rejection of the claims.

First, the applied references recite completely different structures, functions, purposes and problems as compared to the present invention(s). As such, these references should be considered nonanalogous to the present claims, and therefore should not be used to support a 35 U.S.C. § 103 rejection.

Second, it is submitted that the examiner's clarifications and new arguments as to how the teachings from the cited references *Conklin*, *Business Wire* article, and *Godwin* meet and obviate the claimed subject matter remains incomplete, and therefore insufficient. Considering the claimed inventions as a whole, and considering the references as a whole, there is nothing in any of the references to suggest the desirability, and thus the obviousness, of the claimed methods and systems for providing a money transfer system in conjunction with an online commerce system, where a payment is made at a payment location associated with the money transfer system, and a message is communicated to the seller by the money transfer system that payment has actually been made at a payment location (among other aspects). The explanation provided as to how these references meet the claim limitations is simply inadequate and should not be permitted.

Finally, while *KSR* has given examiners more ammunition for attacking patent applications on obviousness grounds, the examiner's post-*KSR* arguments, and any other *KSR*-related arguments not enunciated by the examiner, are inadequate to support a rejection of the claims of the present invention(s).

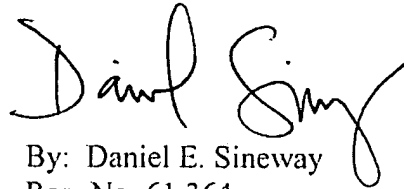
For at least the reasons stated above, Applicants respectfully request that the Board of Patent Appeals and Interferences reverse the examiner's rejections of the claims of the present invention(s) and allow claims 16, 18-42, 44-68, 70-92, 94-116, 118-138 and 140-159.

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